

## Year 2011 Performance (Quick View)

### Strong Operations

Supported by notable contribution from all divisions (General, Life & Medical), the company's gross premium increased by 44.3% y-o-y to RO 30.3mn in FY'11, where around 72.2% of it contributed from General division out of it 60% is the Motor Vehicle portion.

Both of General and Life & Medical divisions registered around 26% y-o-y jump in gross underwriting profit resulting in consolidated gross underwriting profit of RO 3.2mn for FY'11. Accordingly, the gross underwriting profit margin stood at 10.4% compared to 11.9% in FY'10.

The company's net insurance premium earned during the period (before investment income) stood at RO 14.3mn, a significant increase of 39% y-o-y in FY'11 mainly due to healthy raise in gross written premiums.

The above performance considered to be good bearing in mind the stiff competition (almost 23 insurance companies) in a relatively small market, with high frequency of road accidents and higher reinsurance prices.

### Investment Income – the unfavorable factor

Due to the drop in equity market and the pressures witnessed around the globe, the company registered an investment loss of RO 1.2mn in FY'11 compared to an investment income of RO 1.3mn in FY'10, led the total income (include net insurance premium earned) to increase only by 12.6% y-o-y at RO 15.4mn in FY'11. However, the encouraging start of the local market in the current year will positively impact the company's investment portfolios which likely to be seen in Q1'12.

### Higher expenses eat the profits

The 30.5% jump in total expenses on yearly basis which mainly came due to the increase in gross claims and loss adjustment expenses paid and other expenses, has resulted in expenses as %age of income to jump from 78.4% in FY'10 to 90.1% in FY'11, thus lowering the net profit by 60.2% y-o-y in FY'11 to RO 1.1mn.

### Outlook

Favorable improvement in market conditions, higher government spending on health sector, new mega projects, new customers in the market thus more demand for all type of Insurance products, will support the company business. The company also aims to implement new software, which will integrate its network in more efficient way, thus reducing unnecessary expenses.

However, the level of competition, high loss ratio in motor vehicle business, higher prices for reinsurance will put margins under stress.



## Dividends distributed for the last six years:

Year Dividend	2004	2005	2006	2007	2008	2009	2010	2011
<b>Cash %</b>	10.00%	10.00%	15.00%	20.00%		12.50%	15.00%	7.50%
<b>Stock %</b>	15.00%	15.94%	0.8004%	-	-	-	-	-
<b>Total%</b>	25.00%	25.94%	15.8004%	20.00%		12.50%	15.00%	7.50%

Source: Bloomberg, OABINVEST, Company Financial

In line with OAB technical analysis for Oman United Insurance, starting from December 2011 until now, the rectangle indicator will be complete after crossing a resistance level of RO 0.130. The stock till this period move in narrow level with a range of price Bz 10, the level of RSI still under 70 at 60.49 pts. The stock already cross the MA10, but if the stock comes out this channel the target price will be at RO 0.149.

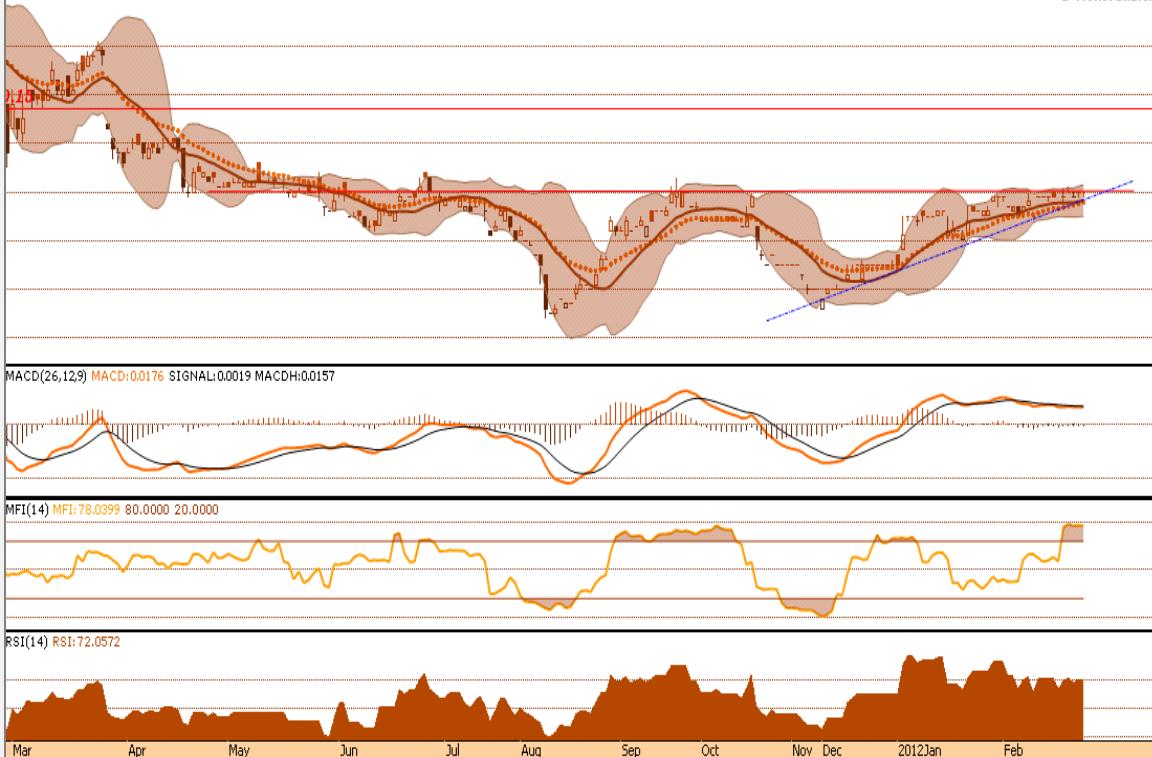
O:0.1240 H:0.1250 L:0.1230 C:0.1240 EMA(20) 0.1176 AreaBB(14,2) MID:0.1174 UPPER:0.1256 LOWER:0.1092

27/02/2012

### Issue Data

Last Price	0.130
52wk High (3/24/2011)	0.161
52wk Low (8/9/2011)	0.104
P/E (Trailing 12m)	11.82
Dividend Yield	5.77
Price to Book Ratio	0.66
Price to Sales Ratio	0.78
EV / Trail 12M EBITDA	#N/A N/A
Shares Outstanding	99.99956
Market Cap	13.00
Enterprise Value	10.50

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